

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7526**

**BILL NUMBER: SB 311**

**DATE PREPARED: Jan 16, 2001**

**BILL AMENDED:**

**SUBJECT:** Prompt Payment of Claims.

**FISCAL ANALYST:** Jim Landers

**PHONE NUMBER:** 232-9869

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill defines a "clean claim" for purposes of provider reimbursement under state employee health benefit plans, accident and sickness insurance policies, and health maintenance organization contracts. The bill identifies specific locators that must be included in a claim filed by a health facility in order for the claim to be a clean claim.

The bill provides a procedure for determining whether a state employee health benefit plan, an accident and sickness insurer, or a health maintenance organization shall pay, deny, or suspend claims for payment submitted by health facilities and other providers. The bill requires a state employee health benefit plan, an accident and sickness insurer, or a health maintenance organization to make this determination and to pay a clean claim within 21 days after the claim is filed electronically or within 30 days after the claim is filed on paper. The bill also requires a state employee health benefit plan, an accident and sickness insurer, or a health maintenance organization to pay interest to a provider who submits a clean claim that is paid later than the provided deadline. It also specifies the period during which interest accrues and provides the interest rate that applies.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** This bill has the potential for increasing costs to some state employee health benefit plans and, consequently, could affect costs faced by the state in the provision of health care benefits to state employees. However, the impact is not expected to be significant. This is based on information provided in December 1998 by four of eight health plans providing health care benefits to state employees at that time.

Three of the four plans that responded stated that the requirements of the bill would not impose any additional costs on their plans. One plan did state that they believed these requirements would result in additional costs for their plan, however, no cost estimate was provided. (At the time, the responding plans

constituted about 60% of the single policies and 77% of the family policies held by state employees.)

[Note: Additional information has been requested of the health plans providing coverage to state employees. This fiscal note will be updated as additional data and information is obtained relating to the impact of the bill.]

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill has the potential for increasing costs to some employee health benefit plans provided by local governments and school corporations and, consequently, could affect costs faced by these entities in the provision of health care benefits to their employees. However, based on the responses of health plans reported above, the impact is not expected to be significant.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** Local Governments and School Corporations.

**Information Sources:**